

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 L-03 EB-11 COME-00 STR-08 OMB-01 FCSC-01

TRSE-00 SCS-03 SCA-01 SS-15 NSC-10 SPC-03 INT-08 H-03

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P 181625Z SEP 73

FM AMEMBASSY PRAGUE

TO SECSTATE WASHDC PRIORITY 5108

C O N F I D E N T I A L PRAGUE 2208

E.O. 11652: GDS

TAGS: PFOR, EFIN, L/C, CZ

SUBJECT: CLAIMS NEGOTIATIONS--SESSION 4

REF: PRAGUE 2158

1. BEGIN SUMMARY. CZECH DELEGATION AGAIN RAISED QUESTION OF PARALLEL TRADE TALKS AND LINK BETWEEN GRANTING OF MFN AND PAYMENTS TO BE MADE UNDER CLAIMS AGREEMENT. US DEL AGAIN SAID THAT PRESENT NEGOTIATIONS AND CLAIMS AGREEMENT MUST STAND BY THEMSELVES WITHOUT BEING CONTINGENT ON MFN OR TRADE TALKS. IN RESPONSE TO CZECH REQUEST, EXPERTS BEGAN MEETINGS TO EXPLAIN METHODS USED BY EACH SIDE IN EVALUATING CLAIMS BY AMERICAN CITIZENS. END SUMMARY.

2. AT SEPTEMBER 17 NEGOTIATING SESSION CHIEF OF CZECH DELEGATION (ZANTOVSKY) REPEATED CZECH CONTENTION THAT US FIGURE ON VALUE OF CLAIMS WAS HIGHLY EXAGGERATED AND THAT 26 MILLION GLOBAL SETTLEMENT AMOUNT WAS UNACCEPTABLE TO CZECHS AS POINT FROM WHICH NEGOTIATION COULD BEGIN. HE PROPOSED THAT EXPERTS FROM BOTH DELEGATIONS MEET SEPARATELY TO EXPLAIN METHODS USED BY US AND CSSR TO EVALUATE CLAIMS, BUT NOT AMOUNT OR VALIDITY OF INDIVIDUAL CLAIMS. US DEL AGREED TO TALKS WHICH BEGAN AFTERNOON OF SEPTEMBER 17.

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3. ZANTOVSKY STATED THAT CZECHOSLOVAKIA PLANS TO MAKE CON-

SIDERABLE PURCHASES IN US AFTER AGREEMENT IS REACHED WHICH COULD BRING US-CZECHOSLOVAK TRADE UP TO LEVEL OF CZECH TRADE WITH FRG OR UK. BEFORE TRADE COULD EXPAND IN THIS MANNER, HOWEVER, IT WOULD BE NECESSARY FOR US TO REMOVE DISCRIMINATORY MEASURES AGAINST CSSR. SINCE CSSR PLANS TO PAY FOR SETTLEMENT OF CLAIMS FROM PROCEEDS OF TRADE WHICH IS POSSIBLE ONLY AFTER MFN IS GRANTED, HE SAID, PARALLEL TALKS ON TRADE AGREEMENT SHOULD TAKE PLACE IN SOME OTHER FORUM. THESE TALKS WOULD CONCERN, IN ADDITION TO MFN, GRANTING OF LICENSES FOR TECHNOLOGY-INTENSIVE PRODUCTS, TRADE PROSPECTS, EXTENSION OF CREDITS AND OTHER MEASURES MAKING NORMAL TRADE POSSIBLE. US DEL RESPONDED THAT ANY TRADE TALKS COULD ONLY COME AFTER AGREEMENT ON CLAIMS AND THAT NO CONDITIONAL TIE BETWEEN MFN AND PAYMENTS UNDER AGREEMENT WOULD BE ACCEPTABLE. WHILE US DID NOT CONSIDER TRADE AGREEMENT NECESSARY TO DEVELOP BILATERAL TRADE, US HAD NO GENERAL OBJECTION TO TRADE TALKS AT SOME TIME AFTER CLAIMS AGREEMENT SIGNED.

WORTZEL

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Message Attributes

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